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## Do Traders Become Rogues? or Do Rogues Become Traders? The Om of Jerome and The Karma of Kerviel...

61 Pages

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### Abstract

We present a case study of Jerome Kerviel, a trader at Societe Generale, and how he racked up positions far exceeding his authorized risk limits resulting in a spectacular loss and in the process becoming the perpetrator of the biggest rogue trading scandal, thus far, in recorded history. We focus on many aspects of the financial markets and attempt to provide an appropriate context to the proceedings by considering some historical matters and providing an alternate definition for a rogue trader. We look at the organization structure, trading profits, risk management, regulation and the many conflicts that arise therein with some focus on Kerviel and his immediate environment. We provides a simple guide for the budding rogue trader that could also be helpful for the aspiring control agent. We conclude by delving deeper into the ethical issues regarding rogue trading and provide possible ways to mitigate if not resolve the many moral dilemmas that arise in business, life and everywhere else.

Some of the topics we discuss are: A Joke at First and Also at Last; History: A Product Structured by Winners; Rogue One (Alone?) on Delta One; Depart-Mental Drill Down (?); Confessions of The Control Agents; A Slow Walk On A Tight Rope; The Glass Castle Called Basel; “e” for Everything, Everyone, Everywhere ... including Evolution, Education and Ethics; Sick Lesson from Nick Leeson; Rogue Trading Guide for Dummies; Mathematically Sophisticated Models or Merely Superior Morals?

**Keywords:** Rogue, Trader, Ethics, Societe Generale, Om, Karma, Jerome Kerviel, Models, Morals**JEL Classification:** G24 Investment Banking, K42 Illegal Behavior and the Enforcement of Law[Suggested Citation](#) >[Show Contact Information](#) >[Download This Paper \(Delivery.cfm/SSRN\\_ID3495356\\_code1529635.pdf?abstractid=3495356&mirid=1\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3495356_code1529635.pdf?abstractid=3495356&mirid=1)[Open PDF in Browser \(Delivery.cfm/SSRN\\_ID3495356\\_code1529635.pdf?abstractid=3495356&mirid=1&type=2\)](https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID3495356_code1529635.pdf?abstractid=3495356&mirid=1&type=2)

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